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IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1951

NO. 180

**KEROTEST MANUFACTURING COMPANY,**  
Petitioner,

v.

**C-O-TWO FIRE EQUIPMENT COMPANY,** Respondent.

On Writ of Certiorari to the United States Court of  
Appeals for the Third Circuit.

**REPLY BRIEF FOR PETITIONER.**

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This reply brief will be limited to (1) an application of the facts which respondent ignores in its presentation, (2) a discussion of the decisions of this Court newly cited by respondent, and (3) a brief rebuttal on other decisions discussed in the briefs of both petitioner and respondent. Nothing else in the Brief for Respondent requires, or merits, further discussion here.



## I.

Respondent's arguments ignore salient facts and are fatally inconsistent with the factual situation in its entirety.

(1) Perhaps the most significant facts ignored by respondent are that respondent charged petitioner with infringement of the patents shortly after they were originally issued and that petitioner denied validity and infringement and invited respondent to sue petitioner (R. 4; Resp. Br., p. 8).

These facts make it plain that respondent knew when it filed its customer suits that petitioner was engaged in the manufacture and sale of devices alleged to infringe the patents in suit. When respondent failed to accept petitioner's challenge to sue petitioner directly but instead adopted the policy of suing only those to whom petitioner has sold the accused devices, respondent must have been aware that it was harassing petitioner indirectly. It was not until after petitioner brought its declaratory action, and *only* because petitioner had done so (Resp. Br., p. 7) that respondent filed any action directly against petitioner.

Respondent's characterization of its policy of litigation as "a straightforward and orderly procedure" does not accord with the fact that its initial charge of infringement was levelled against petitioner, or with the fact that it is the devices which petitioner makes and its customers buy, rather than the fire extinguishers in which the customers incorporate those devices, that are said to be infringements (Resp. Br., p. 7).

The mere fact that petitioner's vendees incorporate the accused devices into assemblages, not patented as such, has no relevance to their status as "customers" of petitioner (cf. Resp. Br., pp. 3-4, 6). Neither should it be given any weight in support of the contention that Acme, rather than petitioner, is respondent's "actual" competitor (Resp. Br., p. 6); the real significance of the contention is that it reveals an intent by respondent to use the patents as instruments for creating a monopoly broader than the scope of the patents (Resp. Br., p. 7).

(2) Respondent's contention that a suit against petitioner would not be as effective in ending "the infringement" and "the litigation" as the suit against Acme (Resp. Br., p. 6) is specious. Why did respondent initially charge *petitioner* with infringement, if it was not to frighten or persuade petitioner into quitting the sale of the accused devices not only to Acme but to all others?

(3) The disingenuous suggestion that a suit by respondent against petitioner "might be regarded by Acme as unfair and harassing" (Resp. Br., p. 6) is rebutted by the fact that Acme sought to obtain a stay of the action against it pending the determination of this action (R. 22) and is inconsistent with respondent's initial charge of infringement against petitioner.

(4) Despite its initial charge of infringement against petitioner and its subsequent avoidance of direct litigation to implement the charge, respondent now charges *petitioner* with "insincerity" (Resp. Br., p. 8), contending that instead of bringing this action petitioner should have intervened in one of the customer actions or should have brought the declaratory action

at an earlier date. Of the same kidney is the charge that petitioner "wanted to shift the forum" (Resp. Br., p. 10)—this in disregard of the fact that respondent plainly elected not to sue petitioner in Chicago or any other forum until after this action had been brought in Delaware, and then itself sought (and still seeks) to "shift the forum" from Delaware to Chicago.

Petitioner's decision to proceed by way of a declaratory action rather than by intervention was a proper one. The situation was of the sort contemplated by the Declaratory Judgment Act and Civil Rule 57. The fact that months had elapsed after the initial charge of infringement, without the commencement of an infringement action by respondent against petitioner, emphasized rather than minimized the desirability of bringing the matter to a head; cf. *Aetna Life Insurance Company v. Haworth*, 300 U.S. 227, 239.\* Until respondent's policy of customer harassment had been firmly indicated by the second customer suit, petitioner could attach some significance to respondent's failure to follow up its initial charge of infringement. Less than two months elapsed between the commencement of the Chicago action by respondent and the commencement of this declaratory action by petitioner (R. 3, 4-5) and only a little over six months elapsed between the commencement of the Detroit action by respondent and the commencement of this action (R. 3, 4); cf. *E. W. Bliss Co. v. Cold Metal Process Co.*, 102 F. 2d 105, 109 (C.A. 6, 1939).

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\* *Clair v. Kastar, Inc.*, 148 F. 2d 644 (C.A. 2, 1945), which respondent cites to excuse its delay in suing petitioner, applies principles which are equally applicable to justify the timing of petitioner's action against respondent.



Respondent's assertion (Br., p. 10) that "General Detroit asked petitioner to defend" is a misstatement (see R. 10, 17).

Granting that petitioner would no doubt have been permitted to intervene in the Detroit or the Chicago suit, it does not follow that petitioner should have done so rather than to bring this action; if that were so, virtually all the declaratory actions which have been brought following the initiation of "customer" suits by patentees would have to have been stayed or dismissed and the "salutary rule" enounced in *Crosley Corp. v. Hazeltine Corp.*, 122 F. 2d 925 (C.A. 3, 1941), "would be largely nullified"; *Triangle Conduit & Cable Co. v. National Electric Products Corp.*, 125 F. 2d 1008, 1009 (C.A. 3, 1942). Moreover, petitioner cannot be criticized for preferring to litigate its controversy with respondent in a separate action, where it would have a free hand in establishing its contentions without regard to possible equities as against others, or conflicting theories as to the conduct of the case, or extraneous issues in regard to any third parties. As an example of such extraneous issues, it is noted that respondent charges the Chicago customer not only with purchasing allegedly infringing articles but also with making them itself (R. 9, 12).

Late in its brief (p. 25) respondent grudgingly concedes that this action was "properly brought" while elsewhere insisting that it was brought "apparently for delay and obstruction" (Resp. Br., p. 4). It should be a sufficient answer to quote from the opinion of District Judge Rodney herein (R. 31):

"The parties with which we are solely concerned are Kerotest and C-O-Two. Nothing is apparent to in-

dicade that the Chicago action will settle the controversy between these parties better or more effectively. A date for the trial of the Chicago action is said to have been set for September, 1950, and this may give some apparent basis for the contention that the litigation there will be concluded more expeditiously. Whether the matter can be heard at that time must be problematical. There is nothing to indicate that with the full cooperation of the defendant, who allegedly is seeking an early trial, the trial in this jurisdiction may not be had expeditiously and some slight delay would seem too slim a basis for departure from recognized principles."

(5) The facts above noted show the hollowness of respondent's contention (Br., p. 4) that permitting this action to proceed would result in "injustice" and "duplication of litigation." Just what "injustice" may be apprehended by respondent is not clear and the proposition is so palpably unsupported that it needs no refutation. So far as concerns "duplication of litigation," the essential point is that, as respondent itself repeatedly recognizes (e.g., Resp. Br., p. 7, p. 8), and as Judge Rodney noted (R. 31), the controversy between petitioner and respondent is not the same controversy as that between respondent and Acme.



II.

**The decisions of this Court in Brillhart v. Excess Ins. Co. and Landis v. North American Co. do not apply.**

Neither of the cases here to be discussed was cited by respondent in the courts below. The opinion and order of the District Court herein do not contravene them, and the majority decision of the Court of Appeals herein is not supported by them:

(1) *Brillhart v. Excess Ins. Co.*, 316 U. S. 491, was considered by this Court "In view of the important question affecting the inter-relationship of the state and federal courts in the administration of the Federal Declaratory Judgments Act, 28 U.S.C. § 400 \* \* \*"; 316 U. S., at p. 494. The ultimate consideration there was whether the case in the federal court could "better be settled in the proceeding pending in the state court"; 316 U. S., at p. 495. The substantive merits of the dispute were governed by state law, which in itself was a strong reason in favor of declining Federal jurisdiction. Furthermore, "Gratuitous interference with the orderly and comprehensive disposition of a state court litigation should be avoided"; 316 U. S., at p. 495.

In the present case both the procedural and substantive law to be applied are exclusively federal, and the district court in Delaware is as well able to afford complete and comprehensive relief as any other district court on the controversy between petitioner and respondent. Similarly, the district court in Chicago is capable of affording a complete settlement of the controversy between respondent and Acme, without the presence of petitioner as an additional party.

*Reply Brief for Petitioner.*

The facts in the *Brillhart* case differ in material respects from those presented in the present case. Brillhart was the administrator of the estate of a person killed by a truck leased by Cooper-Jarrett, Inc., which was insured against liability by Central Mutual Insurance Company, which in turn was reinsured by Excess Insurance Company. Brillhart may not even have been aware of the reinsurance by Excess when he initially sued Cooper-Jarrett, or when he commenced garnishment proceedings against Central to collect on the primary insurance policy. In any event, Brillhart necessarily had to establish his rights against the intermediate parties before proceeding against Excess, and therefore the equities were with Brillhart when he made Excess a party to the garnishment proceedings and moved for dismissal of the federal action.

In contrast, respondent in the present case charged petitioner with infringement and was challenged to sue petitioner directly before respondent began either of its customer suits (R. 4-5), but instead of suing petitioner directly and at once in the exercise of its asserted right against petitioner, respondent proceeded to bring two successive and separate customer suits, neither of which included petitioner as a party or would be expected to have any binding effect on petitioner. It was not until after petitioner had brought its independent and direct declaratory action that respondent undertook to amend petitioner into a pending customer action and then moved for a stay of the declaratory action on the specious ground that respondent was anxious to avoid "duplicate litigation." Respondent's conduct makes it clear that respondent's anxiety for a double trial in Chicago is primarily for the

purpose of shifting the forum and entangling petitioner in a joint defense (*supra*, pp. 4-5); and disproves respondent's contention that it has merely been following "a straightforward and orderly procedure" (Resp. Br., p. 7).

It is also to be noted that this Court did not order any final disposition of the *Brillhart* case but, emphasizing that the granting or denial of Brillhart's motion to dismiss the action was a matter peculiarly within the district court's discretion, sent it back to the district court for further consideration because no discretion had been exercised by the district court and because the court of appeals "instead of remitting the cause for a proper exercise of the District Court's discretion, reversed the judgment with direction that the District Court proceed to a determination on the merits"; 316 U. S., at p. 494. In the present case, the District Judge, in the exercise of his discretion, decided in favor of retaining jurisdiction and noted that respondent could have a prompt trial if it really wanted one (R. 31).

No significance is placed, either in the majority or dissenting opinions in the *Brillhart* case, on the chronological order of filing of the original garnishment action, in which Excess was not a party, and the filing of the declaratory action by Excess. If this case supports the majority opinion below, therefore, it must also be considered to overrule *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008 (C.A. 3, 1942), which differs from the case at bar only in the timing of the infringement action as against the customer relative to the date of filing of the manufacturer's declaratory action. Similar considerations



apply to *Speed Products Co. v. Tinnerman Products*, 171 F. 2d 727 (C.A.D.C., 1948) and *Cresta Blanca Wine Co. v. Eastern Wine Corp.*, 143 F. 2d 1012 (C.A. 2, 1944).

(2) In *Landis v. North American Co.*, 299 U. S. 248, the question was whether two suits between certain parties should be stayed pending the disposition of another suit between a different set of parties. This is not the question in the present case, since petitioner is seeking to restrain respondent from proceeding against petitioner, and only petitioner, in the Chicago action.

### III.

Reply to respondent's contentions as to other decisions.

(1) In commenting on *Crosley Corp. v. Hazeltine Corp.*, 122 F. 2d 925 (C.A. 3, 1941), and *Crosley Corporation v. Westinghouse Elec. & Mfg. Co.*, 130 F. 2d 474 (C.A. 3, 1942), (Resp. Br., pp. 15-19), respondent fails to mention that the corresponding declaratory actions and infringement actions involved identically the same parties, and that the comments in the opinions on duplicate litigation referred to the matter of allowing the infringement actions to proceed concurrently with the corresponding declaratory actions, which would have resulted in truly duplicate litigation between the same parties on the same issues. Petitioner is not seeking to try its controversy with respondent in both Delaware and Chicago, and it does not follow from these decisions that allowing petitioner's declaratory action to proceed in Delaware while permitting respondent's infringement action to proceed in Chicago only as

against the Chicago customer, as sought by petitioner, would result in "duplicate litigation," since the parties and controversies are not the same. Judge Maris, who wrote the opinions in the *Crosley* cases, dissented from the interpretation of these cases in the majority opinion below (R. 61 *et seq.*).

(2) In *Triangle Conduit & Cable Co. v. National Electric Products Corp.*, 125 F. 2d 1008 (C.A. 3, 1942), the essential basis of the decision was that the controversy between the declaratory plaintiff and the patentee was separate and distinct from the controversy between the patentee and the customer who was co-defendant with the declaratory plaintiff in an infringement suit filed by the patentee. Since the declaratory action was the first-filed action between the declaratory plaintiff and the patentee it was held that the declaratory action should proceed and that an injunction should issue against prosecution by the patentee of the infringement action as against the manufacturer. In view, however, of the separate, distinct and severable nature of the patentee's action against the customer the patentee was left free to sever his action against the customer and to proceed with it. On the same basis the District Court below granted petitioner's motion for an injunction against respondent proceeding against petitioner in the Chicago action, which was the later-filed action as between petitioner and respondent.

The date of filing of the original action against the Chicago customer should have no bearing on petitioner's right to such injunction, since that action was originally brought only against the customer (R. 11), and the in-

junction sought by petitioner does not interfere with that action as against the customer.

Respondent asserts, in its discussion of the *Triangle* case, that "Additionally, since in the present situation, the Chicago case is the one which alone has all the parties and issues, it clearly is the one in which to proceed in order to prevent duplication of litigation" (Resp. Br., p. 17). This so-called additional consideration was equally present in the *Triangle* case and should have no more effect here than it did there. This is the view of Judge Maris, who wrote the *Triangle* opinion and dissented below (R. 61).

(3) Respondent refers to the portion of the majority opinion below which states that "Neither Crosley nor Westinghouse nor Triangle was intended to lay down a rule of thumb" (R. 60; Resp. Br., p. 18). That is not an adequate answer to the logical inconsistency between the present case and the relevant precedents, particularly the *Triangle*, *Cresta Blanca* and *Speed Products* cases. When holdings differ on facts which cannot be distinguished upon a logical basis confusion is certain to result, since it is impossible for litigants to estimate what the result will be when the same issue arises in their cases. The tangled progress of the present case is a warning example of what happens when considerations of short-range expediency are allowed to govern, and consistent, logical application of established principles is dismissed as mere "rule of thumb".



(4) No discussion of the remaining decisions cited in respondent's brief is believed to be necessary in view of what appears in petitioner's main brief.

Respectfully submitted,

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